



INSURANCE IN SUPERANNUATION VOLUNTARY CODE OF PRACTICE

GUIDANCE FOR ADOPTING THE CODE

28 MARCH 2018

1. About this Guidance

- 1.1 The purpose of this guidance document (Guidance) is to provide superannuation trustees who wish to adopt the Insurance in Superannuation Voluntary Code of Practice (Code) with introductory information about Code compliance and transition.
- 1.2 This Guidance has been developed by the Insurance in Super Code Owners (AIST, ASFA and FSC) in accordance with section 14.6 of the Code, in consultation with a Transition Committee made up of trustee, insurer and administrator representatives. This Guidance is not enforceable or binding but is intended to assist trustees in interpreting and meeting their commitments under the Code.
- 1.3 The Transition Committee will meet regularly between March and December 2018 to discuss practical matters of Code compliance and interpretation, as trustees are developing their transition plans. Trustees can provide any questions about the Code to the Code Owners, to be discussed by the Transition Committee.
- 1.4 The discussions of the Transition Committee will be recorded in a working spreadsheet, which is attached. The spreadsheet will be updated regularly and circulated to all trustees who adopt the Code, to assist with their transition planning. Trustees are invited to add questions and comments to the spreadsheet for consideration by the Transition Committee.
- 1.5 The Code Owners will soon release a standard format for the Key Facts Sheet, which trustees are required to publish under section 5.5 of the Code.

2. Adopting the Code

- 2.1 Section 3.5 of the Code provides that trustees will state an intention to adopt the Code on their website by 31 March 2018.

- 2.2 It is suggested that trustees publish their intention in the following form:

“[Entity] intends to adopt the Insurance in Superannuation Voluntary Code of Practice when it commences on 1 July 2018. Before 31 December 2018 we will publish on our website our transition plan for becoming compliant with the standards of the Code no later than 30 June 2021.”

Trustees can provide additional information to supplement the above wording if they would like to and are in a position to do so. At a minimum, trustees are expected to publish their

intention on the trustee's website, and may also choose to do so on each fund's website at their discretion.

- 2.3 Trustees should also advise the Code Owner(s) of which they are a member of their intention to adopt the Code, so that the Code Owners can maintain an up-to-date register of Code adoptees.
- 2.4 Before the Code commences on 1 July 2018, the Code Owners will have published on their websites the lists of Code adoptees. Trustees who have stated an intention to adopt previously do not need to do anything else on or before 1 July to confirm their adoption, but may choose to provide more information to their members about the Code at their discretion.

3. Transition planning

- 3.1 The Code requires trustees who adopt the Code to publish a transition plan on their website by 31 December 2018 for how their funds will become compliant with the standards of the Code. At a minimum, the transition plan needs to state the dates by which the trustee will comply with the three groups of standards set out in section 3.6 of the Code (also see "Transitioning to the Code" below).
- 3.2 The Transition Committee will develop guidance on the minimum requirements for the content and format of the transition plan, which will be circulated to trustees.

4. Transitioning to the Code

- 4.1 Trustees may take until 30 June 2021 to comply with all of the standards of the Code but are encouraged to transition as early as their systems and contractual relationships allow. Trustees are able to state three different transition dates in their transition plan for each fund (which do not have to occur in the order provided below):
 - a) a date to comply with the benefit design and premiums standards in sections 4.1 to 4.17
 - b) a date to comply with the automatic cessation of cover and reinstatement standards in sections 4.25(e) and (f), 4.27, 4.28 and 4.29
 - c) a date to comply with the rest of the Code standards.
- 4.2 Trustees should ensure that they have the appropriate systems and processes in place to comply with the requirements of the Code by the dates provided in their transition plan, as well as providing training to staff on the Code as it relates to their services.

5. Compliance with the Code

- 5.1 The Code is voluntary, and each trustee can determine whether it is going to adopt the Code. However, once a trustee has adopted the Code, it is required to comply with all of the standards of the Code from the dates in its transition plan, unless it determines that a particular requirement is not in the best interests of members and beneficiaries to do so.
- 5.2 Trustees must self-report their compliance on an "if not, why not" basis, in their annual Code compliance report (discussed below). This means that a trustee has flexibility if it believes it cannot comply with certain elements of the Code, but must be transparent about where it has not complied with the Code, and provide the reasons for this.

- 5.3 Section 14.2 of the Code requires trustees to publish on their website an annual Code compliance report, which includes as a minimum:
- a) instances of failures to comply with the Code
 - b) instances in which the trustee has determined that complying with the Code is not in the best interests of members and the reasons for such
 - c) which standards of the Code are still to be complied with in the future, in accordance with their transition plan
 - d) any steps the trustee has taken or is taking to improve Code compliance.
- 5.4 The Transition Committee will develop a standard template that trustees can consider using for their annual compliance report.
- 5.5 Trustees should publish their first annual Code compliance report in the first year in which they begin complying with any of the standards of the Code (as noted in their published transition plan).
- 5.6 Trustees should consider the extent to which their Insurance Management Framework, and their insurance strategy within that Framework, meets the requirements of the Code in relation to disclosures and reporting. Trustees should consider whether they can streamline and combine their requirements under SPS250 and under the Code, to ensure compliance is efficient and minimises duplication.
- 5.7 The Code Owners are empowered under the Code to develop further guidance documents as necessary, to assist trustees in complying with their Code obligations. The Code Owners will also continue to consult with external stakeholders as well as trustees, to develop the Code on an ongoing basis.